

JAN 28 2005

Memorandum
by Project Manager's Office

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Del D. Borgsdorf
Terry Roberts

SUBJECT: NEW SAN JOSE CITY HALL
AND OFF-SITE PARKING GARAGE
PROJECT UPDATE

DATE: 01-28-05



Council District: Citywide

INFORMATION

This report provides an overview of recent construction activities and an update of schedule and budget information for the construction of the new City Hall project. A separate report provides updates on the non-construction (technology, furniture and equipment) portion of the project.

I. NEW CITY HALL

A. General Update

Construction of the new City Hall is nearly 75 percent complete and is on schedule for an April-August 2005 move-in. The tower and council chamber wing are expected to be complete this spring with the rotunda completion to follow in August. The first council meeting in the new facility is tentatively scheduled for August 2005. The move schedule is contingent on installing the converged network on its projected schedule. More information regarding the overall schedule will be forthcoming as construction progresses and technology installation timelines are established.

- **Tower**

Interior finishing is underway with ceiling tile and interior wall construction proceeding on all floors. Upcoming work includes installation of carpeting, plumbing fixtures and cabinetry. The freight elevator in the tower has received State approval for use during construction. The material hoist located on the southwest corner of the tower, previously used as a freight elevator, has been removed allowing for the curtain wall system to be completed and the tower to become fully enclosed.

- Council Chamber Wing

The council chamber wing curtain wall is complete. Interior finishes of the Network Operation Center (NOC) are nearing completion. The installation of access flooring, computer racks, electrical power, lighting and fiber cabling will prepare the area for the converged network vendor. Scaffolding has been erected in the Council Chambers to support the installation of interior finishes.

- Rotunda

The rotunda structural steel is fully welded and the steel ribs, in-filled with concrete for stability, are complete. The rotunda Brise Soleil structural steel is also complete.

The first shipment of the rotunda glazing has been delivered and scaffolding is in place to begin the installation in March. Work on the cabling system that will hold the glass in place has begun. The rotunda is scheduled to be fully enclosed by the early spring.

- Battered Wall

Construction of the battered wall's limestone facade is approximately 50 percent complete. The northwest portion of the wall, visible from Santa Clara Street, is complete. This provides a very good sense of the finish and the architect's intent for the wall to tie the tower, rotunda and council wing together. Construction of the battered wall glass enclosed walkway on the south side has begun and will be complete by early spring.

- Site Utilities

Site utility connections including storm and sanitary sewers and fire protection services to serve the new City Hall have been completed. The recycled water line is being installed with completion scheduled for February 2005.

- Move-In Window

The buildings remain on schedule for substantial completion in the spring of 2005 with move-in scheduled to begin in April 2005 and continue through August 2005 resulting in the move of about 1,800 people to the building. Furniture and equipment will be moved into the building in April and May and employees are scheduled to move beginning in June contingent on installation of the converged network.

B. Items of Interest

The New City Hall Webmaster received the following email from Richard Peters:

“Just a quick note. I am blessed to be able to look at near live shots on your web cam. My son, Rick Peters is a plumber on this project. Makes me warm all over to think my son is somewhere in that place when I watch. Thanks for this service Thanks, Ricks Dad. Richard Peters. Binghamton, New York”.

The San José City Hall rotunda has a diameter of 100 feet, compared to the United States Capitol's dome with a diameter of 96 feet and San Francisco City Hall's dome with a diameter of 90 feet.

The battered wall will include 11,607 pieces of limestone when finished. The rotunda's glass dome will contain 1,032 pieces of custom glass.

The public art element for the New City Hall is an impressive and prominent water feature located in the center of the plaza adjacent to Santa Clara Street. Anna Valentina Murch and Douglas Hollis, the artists, were directly involved in the design and continue to be involved in overseeing construction of the fountain. The water feature includes seven hundred concrete pedestals that have been constructed to support the hand-selected granite boulders that will be installed to the “finished” project. The water feature is schedule to be complete in June 2005.

The safety record for the project continues to be excellent with the number of incidents reported being significantly below industry standards. This track record remains a source of pride for the contractors, safety officers, the JV, and the City, as members of the team are committed to promoting a safe work environment.

II. OFF-SITE PARKING GARAGE

On December 3, 2004 the Court ruled in the City's favor on the case brought by PAC SJ regarding the Off-Site Parking Garage Supplemental EIR. As a result, demolition of the Fox-Markovitz building is scheduled for mid-February.

The garage re-bid documents were released on December 20, 2004. Bids were opened on January 18, 2005. Staff is currently finalizing a bid award recommendation for the February 1, 2005 Council agenda. We received three bids. All were significantly over the initial bids for the garage received in January 2004. Staff expects to issue a notice to proceed on the project in February with the garage being complete in spring 2006.

An interim-parking plan for employees has been developed and will be presented to Council in February.

III. PROJECT CONSTRUCTION BUDGET SUMMARY

To date 43 contracts have been awarded which totaled \$840,000 above the construction budget of \$156 million, as indicated below. City staff evaluates each bid package for opportunities to reduce project costs without compromising quality or functionality (value engineer) with the ultimate goal and interest being to keep the overall project within budget.

A. Construction Contracts

Since the last report on October 14, 2004, no contracts have been awarded. Three contracts remain to be awarded: 1) the off-site parking garage; 2) Council Chambers seating; and, 3) final project clean-up. The off-site garage and Council Chambers seating are scheduled to be awarded in February and March, respectively. The contracts awarded to date are summarized as follows:

<u>Description</u>	<u>Contractor</u>	<u>Low Bid</u>	<u>Budget</u>	<u>Variance</u>
CUMULATIVE TOTAL	43 Contracts	\$156,989,765	\$156,149,532	\$ 840,233

The \$840,233 variance amount will be covered through project contingency funds. Costs containment measures are ongoing as we manage design elements of the project to stay within the budget. However, it should be noted that as we near completion of contract buyouts, opportunity for future value engineering savings is reduced.

B. Construction Budget Summary

As of December 31, 2004, we have expensed and encumbered \$307M out of a total \$343M project budget. The chart below illustrates the budget breakdown by project components: off-site parking garage, land acquisition, design and construction (including public art).

Budget Summary (in millions)			
As of 12-31-04 (estimated)			
Description	Budget	Total Expended/ Encumbered	Remaining
Offsite Garage	\$ 25.0	\$ 2.7	\$ 22.3
Land acquisition and relocation	\$ 51.5	\$ 51.3	\$ 0.2
Design, Construction, Public Art (includes \$197M for construction & \$66.5M for other costs)	\$ 266.5	\$ 253.0	\$ 13.5
Total	\$ 343.0	\$ 307.0	\$ 36.0

IV. COST PROJECTIONS / MANAGING THE BUDGET

As indicated in the last two reports, current JV projections show costs still trending \$3 to 4 million over the \$343 million budget (about 1%).

The increased parking garage costs resulting from the new bids caused by the PAC SJ lawsuit will add to the cost projections. However, on the remainder of the project indications are that there is a good chance a reduction in the projected costs will begin to occur as contingency funds being held for potential cost exposures on change orders can be released as a result of value engineering in the change order process.

For example, since the last report in October 2004, only about \$100,000 net has been spent from the project contingency and the overall cost projection was increased by about \$110,000, for a net estimated cost increase of about \$220,000. However, for the same period, exposure holds on the project were trending down by about \$700,000. It appears that this trend will continue as the project moves to completion. While an overall project contingency of about \$8 million still remains unspent, it is expected that the entire contingency amount will be needed to complete the project.

Staff and the JV are continuing our value engineering efforts to keep the project within budget. Finding significant costs that can be value engineered out of the project gets more difficult in the later stages of the project because most of the work has already been contracted. But there are still opportunities to save money on the project.

To date, over \$12 million has been value engineered from the design submitted by Richard Meier & Partners while still retaining an exceptional architectural design and high quality functional and operational spaces.

The difficult balance using value engineering is to reduce costs to stay within budget while not significantly and adversely affecting the architecture or function of the project. Due to the nature of the ongoing multiple prime contracting process, we are currently working with JV cost projections to manage the budget and will be unable to more precisely predict cost until nearer project completion. If the JV cost projections are accurate, our value engineering efforts are more likely to bring the project in at or near the budget. Otherwise, we may value engineer too much and leave important improvements out of the project, or value engineer too little and risk exceeding the budget. We are doing everything possible to successfully balance these costs.

Staff and the JV are committed to doing everything possible to stay on budget but are still trying to be judicious and not over value engineer the project at this point thereby preserving a high quality final result.

We will continue these value engineering strategies to keep the project cost down while not undermining the mission, quality, function or long-term maintenance needs of the project.

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SUMMARY

The tower and Council Chamber wing continue to be on schedule for a spring 2005 substantial completion. The move schedule continues to be April through August with employees beginning move-in in June 2005. This move schedule is dependent on the final converged network installation schedule. Staff and our consultants are doing everything possible to remain on schedule. The off-site parking garage is programmed for a 14-month construction timeline and is estimated to be completed in April / May 2006. Staff is currently preparing a bid award recommendation on the garage for Council consideration on February 1, 2005.

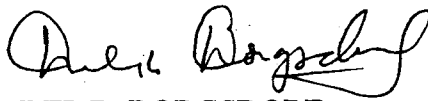
Forty-three (43) construction contracts, totaling \$157 million, have been awarded at approximately \$0.8 million above the construction budget (0.5%). This amount is being covered by the project contingency. Value engineering and other cost reduction efforts are continuing with the goal of bringing the project back within budget.

The emerging architecture on the project continues to be exceptional. The project is taking shape quickly. Interior finishes are beginning to be installed. The project is clearly creating very special spaces which are customer and staff friendly and will provide a spectacular public gathering place and downtown focal point.

Tours have begun to brief the staff on the project and begin to prepare for the move. We have received very positive feedback about the project from those who have taken tours. Additional tours for the Mayor and Council will be scheduled in the near future.

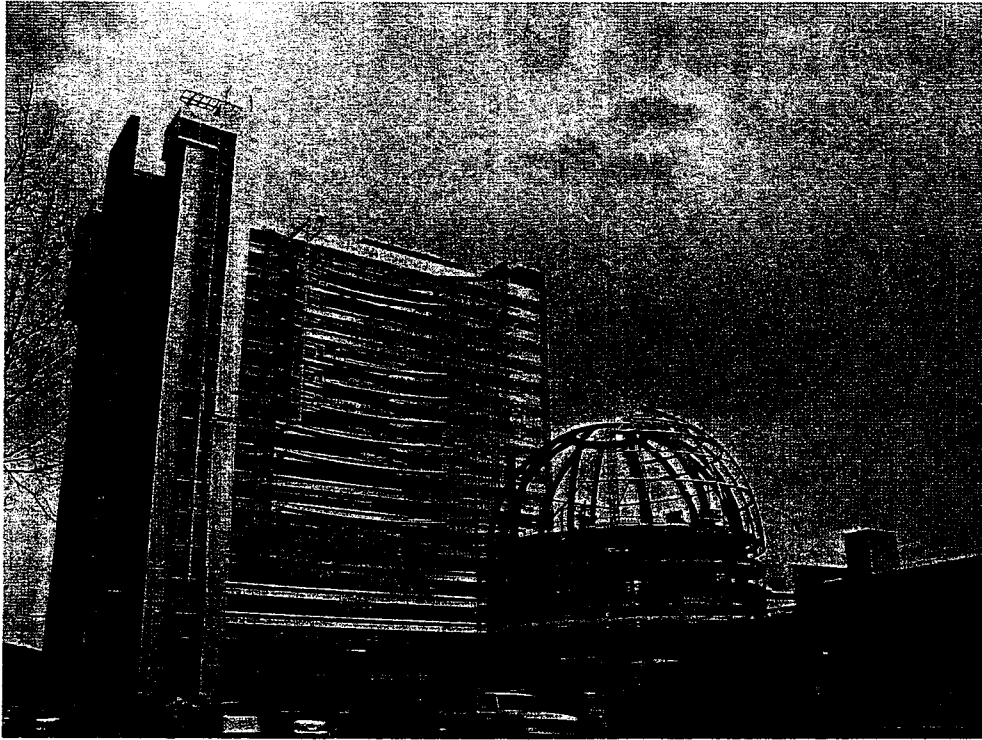


TERRY ROBERTS
Deputy City Manager



DEL D. BORGS DORF
City Manager

TOWER ENCLOSED / BRISE SOLEIL COMPLETE



CUSTOMER SERVICE CENTER TAKING FORM



HONORABLE MAYOR AND COUNCIL

01-28-05

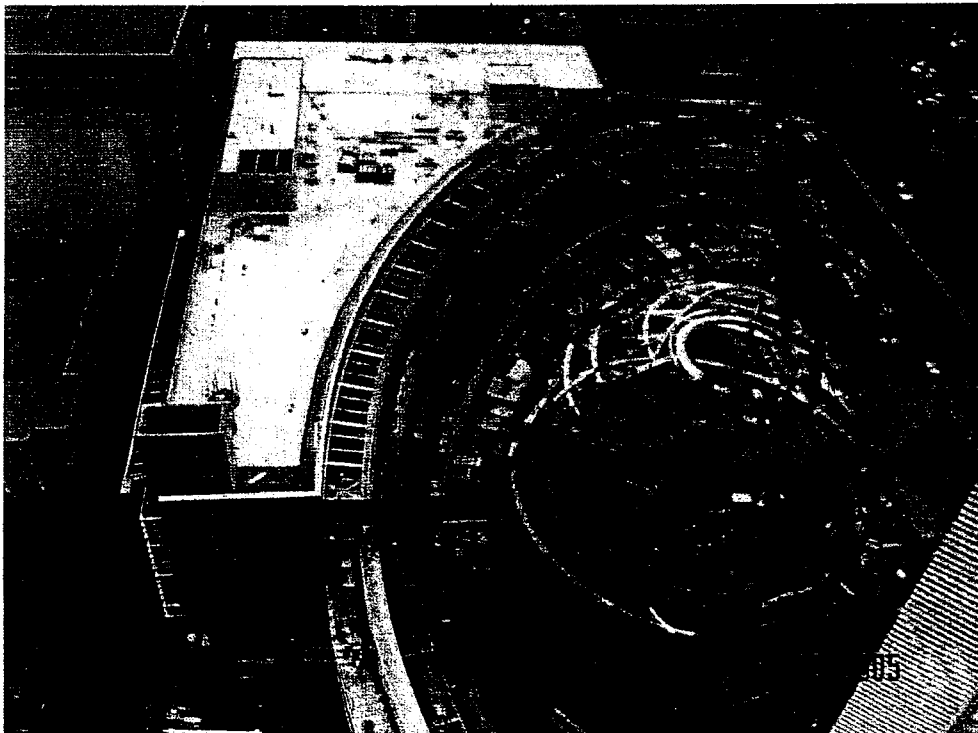
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5TH FLOOR CEILING AND CARPET



COUNCIL WING ENCLOSED. SKYLIGHTS OVER COUNCIL CHAMBER AND GALLERIA. RAMPED WALKWAY ALONG BATTERED WALL



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**WATER FEATURE WITH 700 CONCRETE PEDESTALS TO SUPPORT HAND-
SELECTED GRANITE BOULDERS**



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LIMESTONE BATTERED WALL WELL UNDERWAY



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